

SOS CHILDREN'S VILLAGES – USA, INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2013 AND 2012

SOS CHILDREN'S VILLAGES – USA, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SOS Children's Villages – USA, Inc.
Washington, D.C., USA

We have audited the accompanying statement of financial position of SOS Children's Villages – USA, Inc. (a nonprofit organization) as of December 31, 2013, and the related statements of activities, statement of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Children's Villages – USA, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Board of Directors
SOS Children's Villages – USA, Inc.
Washington, D.C., USA**

Report on Summarized Comparative Information

We have previously audited the nonprofit organization's December 31, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
April 29, 2014**

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 And 2012

	Unrestricted	Temporarily	Permanently	Totals	
	Operating			Restricted	Restricted
ASSETS	Fund				
Current Assets					
Cash and cash equivalents	\$ 982,057	\$ -	\$ -	\$ 982,057	\$ 561,294
Short-term investments (Note 5)	48,905	-	-	48,905	35,690
Contributions receivable (Note 3)	40,401	50,100	-	90,501	1,182,120
Irrevocable trust receivable (Note 4)	-	275,748	-	275,748	-
Prepaid expenses and other assets	101,743	-	-	101,743	83,440
Total current assets	1,173,106	325,848	-	1,498,954	1,862,544
Long-Term Investments (Note 5)	378,470	-	104,231	482,701	481,776
Equity interest in privately held companies (Note 7)	3,000,000	-	-	3,000,000	-
Fixed Assets					
Furniture and equipment	134,557	-	-	134,557	132,540
Computer equipment	118,756	-	-	118,756	99,407
Website	51,044	-	-	51,044	18,300
	304,357	-	-	304,357	250,247
Less accumulated depreciation	(240,618)	-	-	(240,618)	(220,415)
Fixed assets - net	63,739	-	-	63,739	29,832
Other Assets					
Cash surrender value of life insurance	49,946	-	-	49,946	45,855
Contributions receivable (Note 3)	77,500	-	-	77,500	-
Irrevocable trust receivable (Note 4)	-	-	-	-	268,742
Deposits	14,035	-	-	14,035	14,035
Total other assets	141,481	-	-	141,481	328,632
Total assets	\$ 4,756,796	\$ 325,848	\$ 104,231	\$ 5,186,875	\$ 2,702,784
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued expenses	\$ 254,615	\$ -	\$ -	\$ 254,615	\$ 129,106
Loan payable	36,258	-	-	36,258	-
Grants payable - affiliates	2,538,770	-	-	2,538,770	2,929,882
Total current liabilities	2,829,643	-	-	2,829,643	3,058,988
Long –Term Liabilities					
Grants payable – affiliates	947,000	-	-	947,000	-
Loan payable	350,000	-	-	350,000	-
Total long-term liabilities	1,297,000	-	-	1,297,000	-
Total liabilities	4,126,643	-	-	4,126,643	3,058,988
Net Assets (Note 9)	630,153	325,848	104,231	1,060,232	(356,204)
Total liabilities and net assets	\$ 4,756,796	\$ 325,848	\$ 104,231	\$ 5,186,875	\$ 2,702,784

The accompanying notes are an integral part of these financial statements.

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2013 With Summarized Information For December 31, 2012

	Unrestricted Operating Fund	Temporarily Restricted	Permanently Restricted	Totals	
				2013	2012
Revenue					
Contributions (including \$3,000,000 of gifts-in-kind in 2013)	\$ 5,569,736	\$ 2,905,408	\$ -	\$ 8,475,144	\$ 6,121,485
Investment income	801	-	-	801	49,983
Change in value of charitable remainder trust	-	7,006	-	7,006	7,714
Other income	22,855	-	-	22,855	25,904
Net assets released from restrictions (Note 7)	<u>3,947,529</u>	<u>(3,947,529)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>9,540,921</u>	<u>(1,035,115)</u>	<u>-</u>	<u>8,505,806</u>	<u>6,205,086</u>
Expenses					
Program expenses					
Children's villages & programs	3,903,872	-	-	3,903,872	3,303,370
Education and advocacy	<u>861,280</u>	<u>-</u>	<u>-</u>	<u>861,280</u>	<u>549,957</u>
Total program expenses	<u>4,765,152</u>	<u>-</u>	<u>-</u>	<u>4,765,152</u>	<u>3,853,327</u>
Supporting expenses					
Management and general	1,008,030	-	-	1,008,030	637,095
Fundraising	<u>1,316,188</u>	<u>-</u>	<u>-</u>	<u>1,316,188</u>	<u>1,009,314</u>
Total supporting expenses	<u>2,324,218</u>	<u>-</u>	<u>-</u>	<u>2,324,218</u>	<u>1,646,409</u>
Total expenses	<u>7,089,370</u>	<u>-</u>	<u>-</u>	<u>7,089,370</u>	<u>5,499,736</u>
Change in net assets	2,451,551	(1,035,115)	-	1,416,436	705,350
Net Assets					
Beginning of year	<u>(1,821,398)</u>	<u>1,360,963</u>	<u>104,231</u>	<u>(356,204)</u>	<u>(1,061,554)</u>
End of year	<u>\$ 630,153</u>	<u>\$ 325,848</u>	<u>\$ 104,231</u>	<u>\$ 1,060,232</u>	<u>\$ (356,204)</u>

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2013 With Summarized Information For December 31, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES			Totals	
	Children's Villages And Programs	Education And Advocacy	Total Program Services	Management And General	Fund-Raising	Total Supporting Services	2013	2012
Salaries	\$ 492,097	\$ 441,831	\$ 933,928	\$ 231,863	\$ 362,041	\$ 593,904	\$ 1,527,832	\$ 876,585
Benefits	93,563	83,974	177,537	44,166	68,865	113,031	290,568	201,019
Staff Travel	-	10,499	10,499	40,704	21,105	61,809	72,308	47,647
Board of Director's Meetings	-	-	-	14,740	-	14,740	14,740	15,499
Office Expense	-	1,835	1,835	26,304	19,391	45,695	47,530	23,597
Postage and Delivery	-	840	840	17,994	-	17,994	18,834	28,768
Professional Fees and Services	-	119,389	119,389	402,110	21,757	423,867	543,256	150,707
Insurance	8,000	-	8,000	14,670	-	14,670	22,670	21,812
Office Rent and Storage	42,053	50,146	92,199	19,677	46,812	66,489	158,688	157,874
Telephone	10,900	9,783	20,683	5,145	8,024	13,169	33,852	20,750
Equipment Lease	-	-	-	31,475	-	31,475	31,475	31,296
Information Technology and Software	5,353	32,627	37,980	82,641	55,466	138,107	176,087	93,726
Depreciation	6,431	5,122	11,553	2,501	6,556	9,057	20,610	33,468
Membership Fees	288,498	-	288,498	-	2,411	2,411	290,909	214,479
Direct marketing appeals	-	105,234	105,234	-	626,643	626,643	731,877	749,484
Public relations promotion	-	-	-	-	8,695	8,695	8,695	25,739
Village and other support grants	2,887,364	-	2,887,364	-	-	-	2,887,364	2,637,729
Miscellaneous	69,613	-	69,613	74,040	68,422	142,462	212,075	169,557
	<u>\$ 3,903,872</u>	<u>\$ 861,280</u>	<u>\$ 4,765,152</u>	<u>\$ 1,008,030</u>	<u>\$ 1,316,188</u>	<u>\$ 2,324,218</u>	<u>\$ 7,089,370</u>	<u>\$ 5,499,736</u>

The accompanying notes are an integral part of these financial statements.

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2013 And 2012

	<u>2013</u>	<u>2012</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 1,416,436	\$ 705,350
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	20,611	33,468
Realized (gain) loss on investments	2,744	(34,493)
Unrealized loss on investments	12,617	14,602
Change in value of charitable remainder trust	(7,006)	(7,714)
Donated investments	(3,000,000)	-
(Increase) decrease in		
Contributions receivable	1,014,119	(766,322)
Prepaid expenses and other assets	(18,303)	44,746
Cash surrender value of life insurance	(4,091)	(4,708)
Increase (decrease) in		
Accounts payable and accrued expenses	125,509	944
Grants payable	<u>555,888</u>	<u>(721,478)</u>
Net cash used for operating activities	<u>118,524</u>	<u>(735,605)</u>
<i>Cash flows from investing activities</i>		
Purchases of investments	(59,926)	(157,043)
Proceeds from sale of investments	43,640	717,830
Net change in short-term investments	(13,215)	(3,421)
Purchase of equipment	<u>(54,518)</u>	<u>(8,552)</u>
Net cash provided by investing activities	<u>(84,019)</u>	<u>548,814</u>
<i>Cash flows from financing activities</i>		
Proceeds from loan issuance	<u>386,258</u>	<u>-</u>
Net cash provided by investing activities	<u>386,258</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	420,763	(186,791)
<i>Cash and cash equivalents</i>		
Beginning of the year	<u>561,294</u>	<u>748,085</u>
End of the year	<u>\$ 982,057</u>	<u>\$ 561,294</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 And 2012

(1) NATURE OF ORGANIZATION

SOS Children's Villages – USA, Inc. (the "**Organization**") supports the effort of SOS Children's Villages International – both in the USA and around the globe. SOS Children's Villages International works in more than 130 countries to support families and help children at risk grow in a loving home. For more than 60 years, we have worked with partners in each community to either help families care for their children or to provide an alternative, for instance an SOS family, in which the love of a care giver is essential. Everything we do is based on the best interests of the child, and each has an individual development plan. Uniquely, we provide practical support over the long term, so that each child or young person can develop resilient relationships and face life's challenges in the future.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

Income Taxes – The Organization has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "**Code**"), and has been classified as an organization, which is publicly supported under Section 509(a)(1) of the Code.

Management has reviewed the tax positions for each of the open tax years (2010 – 2012) or expected to be taken in the Organization's 2013 tax return and has concluded that there are not significant uncertain tax positions that would require recognition in the financial statements.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk – The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("**ASC**") 825, "**Financial Instruments**", identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Property and Equipment – Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets (3-10 years). The Organization capitalizes all property and equipment expenditures greater than \$2,000 with a useful life of greater than one year.

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013 And 2012

Net Assets – To ensure observance of restrictions placed on the use of available resources, the accounts are classified for accounting and reporting purposes into the following net asset groups:

Unrestricted – represents net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted – consists of grants and contributions received from donors who have specified that the funds be used to support specific programs.

Permanently Restricted – consists of contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

Temporarily Restricted Revenue – The Organization's policy is to report all donor restricted contributions as temporarily restricted revenue even if those restrictions are met in the same reporting period the contributions are received.

Grants Payable – The Organization records grants as liabilities upon approval by the Board of Directors. Grants payable are generally to affiliates of SOS-KDI and disbursed subsequent to the board approval and then upon the request of the affiliate.

Functional Allocation of Expenses – The costs of providing programs and supporting services are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain reclassifications were made to the 2012 financial statements to conform to the 2013 presentation.

(3) CONTRIBUTIONS RECEIVABLE

As of December 31, 2013 and 2012, contributions receivable are expected to be realized in the following periods:

	<u>2013</u>	<u>2012</u>
In one year or less	\$ 90,600	\$ 1,182,120
One to five years	<u>77,500</u>	<u>-</u>
	<u>\$ 168,100</u>	<u>\$ 1,182,120</u>

Included in contributions receivable in 2012 is \$1,075,380 which relates to a grant received to support the Organization's international sponsorship fundraising program (See Note 8). Subject to certain conditions of the grant which were met in 2014, an additional \$713,509 was received and recognized subsequent to year-end.

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013 And 2012

(4) IRREVOCABLE TRUST RECEIVABLE

The Organization has been named as a 45% beneficiary of an irrevocable trust. The Organization will receive 45% of the income generated by the Trust funds annually and receive 45% of the principal balance upon the termination of the Trust. The fair value of the estimated income and principal to be received from the Trust has been recorded on the balance sheet of the Organization as of December 31, 2012 and 2011 using an interest factor of 2.3%. This Trust terminated in January of 2014 and the Organization has received a portion of the proceeds in 2014 and will receive the balance upon closure of the trust.

(5) INVESTMENTS

Short-term investments are recorded at market value and consist of the following at December 31:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market Funds	<u>\$48,905</u>	<u>\$48,905</u>	<u>\$35,690</u>	<u>\$35,690</u>

Long-term investments are recorded at market value and consist of the following at December 31:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market Funds	\$ 31,942	\$ 31,942	\$ 15,461	\$ 15,461
Corporate Bonds	<u>420,000</u>	<u>450,759</u>	<u>422,555</u>	<u>466,315</u>
	<u>\$ 451,942</u>	<u>\$ 482,701</u>	<u>\$ 438,016</u>	<u>\$ 481,776</u>

Investment income is comprised of the following for the year ended December 31:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 16,162	\$ 30,092
Realized gain (loss)	<u>(2,744)</u>	<u>34,493</u>
	13,418	64,585
Unrealized loss	<u>(12,617)</u>	<u>(14,602)</u>
	<u>\$ 801</u>	<u>\$ 49,983</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013 And 2012

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization utilizes various methods to measure the fair value of its assets on a recurring basis. United States generally accepted accounting principles establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Organization's assets that are carried at fair value as of December 31, 2013 and 2012 are as follows:

	2013			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 80,847	\$ 80,847	\$ -	\$ -
Corporate Bonds	<u>420,759</u>	<u>-</u>	<u>420,759</u>	<u>-</u>
Total Investments	<u>\$ 501,606</u>	<u>\$ 80,847</u>	<u>\$ 420,759</u>	<u>\$ -</u>
Irrevocable Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,748</u>

	2012			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 51,151	\$ 51,151	\$ -	\$ -
U.S. Government Agency Securities	-	-	-	-
Corporate Bonds	<u>466,315</u>	<u>-</u>	<u>466,315</u>	<u>-</u>
Total Investments	<u>\$ 517,466</u>	<u>\$ 51,151</u>	<u>\$ 466,315</u>	<u>\$ -</u>
Irrevocable Trust	<u>\$ 268,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,742</u>

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2013 or 2012.

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013 And 2012

The changes in the financial instruments measured at fair value for which the Organization used Level 3 inputs to determine fair value are as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 268,742	\$ 261,028
Change in value of irrevocable trust	<u>7,006</u>	<u>7,714</u>
	<u>\$ 275,748</u>	<u>\$ 268,742</u>

The irrevocable trust is measured at the current market value and the estimated future cash flows which involve unobservable inputs. As a result, these present value techniques are Level 3 inputs.

(7) EQUITY INTEREST IN PRIVATELY-HELD COMPANIES

On December 31, 2013, the Organization received from a trust a contribution of a 50% interest in each of three privately-held S Corporations. The fair value of these contributions amounted to \$3,000,000. The Organization accounts for these three investments at the equity basis of accounting with the fair value of the investments at acquisition plus 50% of the net income (loss) subsequent to acquisition date.

During 2013, the Organization received a contribution of approximately \$613,000 from a trust representing distributions from the privately held S Corporations and earnings from other trust investments.

The Organization expects to receive additional contributions from the trust in 2014 upon its liquidation.

(8) LOAN PAYABLE

The Organization has an unsecured note payable in the amount of \$386,258 to an international organization which has provided a multi-year grant to the Organization for support of the fund-raising for international sponsorship program (See Note 3). The note payable carries an interest rate of 2% and final payment is due in 2016. Principal payments under this note payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 36,258
2015	200,000
2016	<u>150,000</u>
	<u>\$ 386,258</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013 And 2012

(9) NET ASSETS

TEMPORARILY RESTRICTED

Temporarily restricted net assets as of December 31, 2013 and 2012 consist of various programs that have been established with specific donor intentions for the use of the funds. The related activity for the years ended December 31, 2013 and 2012 was as follows:

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Released</u>	<u>Balance December 31, 2013</u>
International Villages (Irrevocable Trust Receivable)	\$ 268,742	\$ 7,006	\$ -	\$ 275,748
International Sponsors	7,070	1,064,014	1,071,084	-
International Grants	7,731	1,808,570	1,766,201	50,100
SOS Florida	369	15,896	16,265	-
SOS Illinois	1,671	16,928	18,599	-
Fund-Raising	<u>1,075,380</u>	<u>-</u>	<u>1,075,380</u>	<u>-</u>
	<u>\$ 1,360,963</u>	<u>\$ 2,912,414</u>	<u>\$ 3,947,529</u>	<u>\$ 325,848</u>

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Released</u>	<u>Balance December 31, 2012</u>
International Villages (Irrevocable Trust Receivable)	\$ 261,028	\$ 7,714	\$ -	\$ 268,742
International Sponsors	6,971	1,118,314	1,118,215	7,070
International Grants	14,533	1,397,812	1,404,614	7,731
SOS Florida	239	14,521	14,391	369
SOS Illinois	1,801	56,020	56,150	1,671
Fund-Raising	<u>-</u>	<u>1,075,380</u>	<u>-</u>	<u>1,075,380</u>
	<u>\$ 284,572</u>	<u>\$ 3,669,761</u>	<u>\$ 2,593,370</u>	<u>\$ 1,360,963</u>

Total releases from restrictions were \$3,947,529 in 2013 of which \$2,872,149 and \$1,075,380 was for program and fund-raising, respectively, and \$2,593,370 for program in 2012.

PERMANENTLY RESTRICTED

Permanently restricted net assets are available for the following purpose:

	<u>2013</u>	<u>2012</u>
Investment in perpetuity, the income from which is Expendable to support any activities of the organization	<u>\$104,231</u>	<u>\$104,231</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013 And 2012

(10) COMMITMENTS

The Organization leases office space under a non-cancelable lease that expires in October 2014. Rent expense, including operating charges and real estate expense, for each of the years ended December 31, 2013 and 2012 amounted to approximately \$158,000.

Approximate future minimum rental payments on the office space are as follows:

Year Ending December 31,

2014

\$ 126,500

(11) PENSION PLAN

The Organization maintains a Simplified Employee Pension Plan for all employees who have obtained a minimum of six months of service. Eligible employees receive a 5% contribution to the plan on behalf of the Organization. Pension expense for the years ending December 31, 2013 and 2012 was approximately \$44,000 and \$41,000, respectively. Additionally, there was no discretionary contribution for the years ended December 31, 2013 and 2012.

(12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 29, 2014, have been evaluated in the preparation of the financial statements.